



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

DOCKET
07-AFC-9

June 11, 2009

DATE 06/11/09

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Steven K. Harris, AICP
Director of Community Development
City of Yorba Linda
4845 Casa Loma Avenue
Yorba Linda, CA 92885

Subject: Canyon Power Plant (Facility ID No. 153992)
Title V Public Hearing Request

Dear Mr. Harris:

Thank you for your March 11, 2009 letter to the South Coast Air Quality Management District (AQMD) requesting a public hearing regarding the proposed initial Title V Permit to Construct for the City of Anaheim's proposed Canyon Power Plant (CPP). The CPP is a new 200 megawatt (MW) power plant to be located at 3071 E. Miraloma Avenue in Anaheim, California. This request was submitted in response to the AQMD's public notice ("Notice of Intent to Issue Permit Pursuant to AQMD Rules 212 and 3006") distributed on February 25, 2009, regarding the City of Anaheim's applications to construct and operate the proposed CPP. The AQMD Form 500-G--Public Hearing Request Form was also attached to your March 11, 2009 letter which was received within the required 15 calendar days from the date of the public notice.

As you may know, although the California Energy Commission (CEC) is the lead agency for licensing of the proposed CPP, the AQMD is also the permitting agency responsible for the Title V air permit for the proposed CPP. After a careful review and evaluation of your public hearing request and your other comments by the AQMD staff, your request was found to not meet the public hearing criteria specified in subparagraph (a)(1)(F) of AQMD Rule 3006 - Public Participation. This subparagraph specifies that the request shall include all of the following information: (1) specific identification of the portion or portions of the proposed permit or revision to which objection is made; (2) specific identification of the regulatory requirement or requirements, or provisions of these rules, with which the proposed permit or revision is inconsistent, and the reasons the inconsistency is believed to exist; (3) identification of proposed permit terms or conditions, if any, which would eliminate the inconsistency; and (4) a statement of the reason or reasons the requester believes a public hearing would clarify one or more issues

involved in the permit decision. In addition, the above criteria is summarized on Form 500-G under Section III – Basis for Requesting a Public Hearing, as follows: “The reasons for requesting and holding a hearing must be specific to air quality regulations and based on the permitting action described in the public notice. The public hearing request is subject to AQMD approval. A public hearing will be held if: 1) there is evidence that the proposed permit is not correct or is not adequate to ensure compliance with regulatory requirements, and (2) a hearing will likely provide additional information that will affect the drafting and/or issuance of the permit.” As your comments do not meet the above public hearing criteria, AQMD determined that a public hearing on the proposed CPP project is not required. However, in order to provide the City of Yorba Linda and the public in general an added opportunity to provide additional comments and input, AQMD decided to hold a Public Consultation meeting which was held as a joint public meeting with the CEC in the City of Anaheim on May 21, 2009.

The City of Yorba Linda and public were informed about this public meeting in advance and representatives from the City of Yorba Linda attended this meeting and provided comments at the meeting. Also, the following are AQMD’s response to your comments provided along with your March 11, 2009 letter and at the May 21, 2009 Public meeting.

Item 1. Inadequate evaluation of project alternatives

Your comment questions why the City of Anaheim did not propose a combined cycle project and requests further evaluation of project alternatives. Specifically, your comment refers to Section 5.5.2.3 of the application which considers, and then rejects “Conventional Combined-cycle” as an alternative to the proposed simple-cycle turbine configuration.

Section 5.5.2.3 is from the Application for Certification that was submitted to the (CEC) and posted on the CEC website at <http://www.energy.ca.gov/sitingcases/canyon/documents/index.html>, not from the applications for permits to construct submitted to the AQMD. The CEC, the state agency with primary licensing authority for power plants greater than 50 MWs, is also conducting a thorough evaluation to determine compliance of the proposed CPP project with all environmental laws and regulations. As part of the licensing process, the CEC is the lead agency responsible for preparing environmental documentation and the CEC licensing process under State law is equivalent to the California Environmental Quality Act (CEQA). The evaluation of project alternatives, including alternative electricity generation technologies are considerations under CEQA that are handled by the CEC.

However, as indicated above, in response to your public hearing request, the AQMD held a joint public meeting with the CEC on Thursday, May 21, 2009, at the City of Anaheim, City Hall Council Chambers, where we responded to comments and questions from interested members of the public. Also a copy of the public notice of the meeting was mailed to the City of Yorba Linda in advance of the meeting. At the meeting, a consultant representing the City of Yorba Linda gave a presentation regarding the advantages of a once-through steam generation (OTSG) combined cycle system over a

simple cycle system. At the joint meeting the CEC and staff indicated that CEC intends to consider those comments before it issues the Preliminary Staff Assessment.

Although the AQMD is not the lead agency in the evaluation of project alternatives, we did review the consultant's report titled "Anaheim Canyon Power Project: Combined Cycle versus Simple Cycle Peaking Power Plant Configuration" prepared for the City of Yorba Linda by Jerald A. Cole. In general, the AQMD encourages the use of the lowest emitting and most energy efficient power production which is required under the Lowest Achievable Emission Rate (LAER) or Best Available Control Technology (BACT). We will therefore consider the consultant's discussion of a combined cycle peaking power plant using OTSG technology as part of our continued efforts in development of the latest BACT/LAER determinations.

Item 2. Operating Hours

Your comments state that the revised applications for permit to construct submitted September 11, 2008, and a second round of permit applications submitted over a period of November 2008 – January 2009, do not appear to be available on the CEC website. In addition, the City of Yorba Linda has been unable to track down these documents for review.

Applications for Permits to Construct are submitted to the AQMD for evaluation, not the CEC. Please see page 29 of the AQMD's Preliminary Determination of Compliance (PDOC), dated February 18, 2009, for a list of the applications. The two revisions you referenced are supplements to these applications, as explained on pages 30-32 of the PDOC, not new or additional applications. The first revision was submitted to the AQMD on September 12, 2009, not to the CEC as mentioned in your comment letter. The AQMD or CEC do not post AQMD applications on the CEC website.

As for availability of the AQMD applications, the AQMD is required by AQMD Rules 212 and 3006 to provide public notice for the initial Title V Permit to Construct for the final proposed project. The public notice which was distributed on February 25, 2009, implements these rule requirements. As explained in the public notice, additional information, including the applications and application supplements, is available at the AQMD for public review by contacting Ms. Vicky Lee (vleel@aqmd.gov), Engineering and Compliance, South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, CA 91765-4182, (909) 396-2284.

Your comments also referred to a discrepancy between "Canyon Power Plant Status Report #1" and "Canyon Power Plant Status Report #3," and the lack of timely notification provided by the CEC website. The "Canyon Power Status Report #1" is the Southern California Public Power Authority (SCPPA) Status Report #1 dated November 5, 2008 and posted on the CEC website on January 14, 2009. The Canyon Power Plant Status Report #3 is the CEC Staff's Status Report #3, dated February 26, 2009, and posted on the CEC website on the same date. The AQMD does not have any control over the contents or timing of SCPPA status reports submitted to the CEC, or

CEC status reports. The AQMD also does not have any control over which documents are posted on the CEC website or the timing of the postings.

Your comments also question the economics of the project. Economic issues are not air quality permitting or compliance issues that AQMD has any authority over and therefore cannot be addressed by the AQMD.

Item 3. Startup/Shutdown Cycles

Your comment questioned the change in number of start-ups from the original application. The operating schedule, including the number of start-ups, is determined and proposed by the applicant. The proposed annual operating hours for the original application and subsequent revisions are presented in Table 2—Proposed Annual Operating Schedules per Turbine on page 33 of the PDOC. However, regardless of the number of startups and shutdowns and the total operating hours of the CPP, the AQMD requires that the City of Anaheim comply with all applicable air quality rules and regulations under worst case or maximum emissions operating scenarios. The Final Determination of Compliance (FDOC) and the actual Title V permit for the CPP will then impose permit conditions and restrictions consistent with the assumptions used as part of AQMD's evaluation of the CPP.

In conclusion, the AQMD appreciates your comments regarding the CPP project. If you should have any further questions or need additional information, please call Mr. Michael Mills, Senior A.Q. Engineering Manager at (909) 396-2578. In addition, you may obtain information about the CEC licensing process for this project by contacting Eric Solorio (ESolorio@energy.state.ca.us), CEC Project Manager, at (916) 651-0966.

Sincerely,



Mohsen Nazemi, P.E.
Deputy Executive Officer
Engineering and Compliance

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cc: ✓ Steve Sciortino, City of Anaheim
✓ Eric Solorio, CEC

(Response to Yorba Linda Hearing Request)